



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 15-26]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English, DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 15-26 with attached transmittal, and policy justification.

Dated: May 11, 2015.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

APR 28 2015

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 15-26, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to Australia for defense articles and services estimated to cost \$275 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

JWR J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification



Transmittal No. 15-26

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Australia
- (ii) Total Estimated Value:

Major Defense Equipment*	\$ 0 million
Sustainment	<u>\$275 million</u>
TOTAL	\$275 million
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: follow-on sustainment support and services in support of three (3) Hobart Class Destroyers. The sustainment efforts will include AEGIS computer software and hardware updates, system integration and testing, tools and test equipment, spare and repair parts, support equipment, publications and technical documentation, personnel training and training equipment, aircrew trainer devices upgrades, U.S. Government and contractor technical assistance, and other related elements of logistics and program support.
- (iv) Military Department: Navy (GSU)
- (v) Prior Related Cases, if any: FMS case LCQ-\$1.2B-17Nov05
- (vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None
- (vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: None
- (viii) Date Report Delivered to Congress: 28 April 2015

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Australia – Hobart Class Destroyer Sustainment

The Government of Australia has requested a possible sale of follow-on sustainment support and services in support of three (3) Hobart Class Destroyers. The sustainment efforts will include AEGIS computer software and hardware updates, system integration and testing, tools and test equipment, spare and repair parts, support equipment, publications and technical documentation, personnel training and training equipment, aircrew trainer devices upgrades, U.S. Government and contractor technical assistance, and other related elements of logistics and program support. The estimated cost is \$275 million.

This sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a major contributor to political stability, security, and economic development in Southeast Asia. Australia is an important ally and partner that contributes significantly to coalition, peacekeeping and humanitarian operations around the world. It is vital to the U.S. national interest to assist our ally in developing and maintaining a strong and ready self-defense capability. This proposed sale is consistent with those objectives and facilitates burden sharing with a key ally.

The proposed sale will improve Australia's capability in current and future coalition efforts. Australia will use the enhanced capability as a deterrent to regional threats and to strengthen its homeland defense. Australia will have no difficulty absorbing this additional support into its armed forces.

The proposed sale of this additional support will not alter the basic military balance in the region.

The principal contractor will be Lockheed Martin Mission Systems and Training in Washington, District of Columbia. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the temporary assignment of approximately five U.S. Government or contractor representatives for a period of three years to Australia on an intermittent basis for the life of the case.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.